

Message Text

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43

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00

AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 EB-11 FRB-02

H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-07 PA-04

RSC-01 AID-20 CIEP-02 SS-20 STR-08 TAR-02 TRSE-00

PRS-01 SP-03 FEA-02 OMB-01 SWF-02 DRC-01 OPIC-12

XMB-07 EURE-00 /198 W

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 6944

INFO AMEMBASSY BONN IMMEDIATE

AMEMBASSY BRUSSELS IMMEDIATE

AMEMBASSY COPENHAGEN IMMEDIATE

AMEMBASSY DUBLIN IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

AMEMBASSY LUXEMBOURG IMMEDIATE

AMEMBASSY PARIS IMMEDIATE

AMEMBASSY ROME IMMEDIATE

AMEMBASSY THE HAGUE IMMEDIATE

USMISSION GENEVA IMMEDIATE

USMISSION OECD PARIS IMMEDIATE

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E.O. 11653: N/A

TAGS: ETRD, GATT, EEC, US

SUBJECT: ARTICLE XXIV:6 NEGOTIATIONS

REF: EC BRUSSELS 3328

1. SUMMARY: THE EC COMMITTEE OF PERMANENT
REPRESENTATIVES ON MAY 22 AGAIN DISCUSSED THE
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COMMISSION'S PROPOSALS FOR SETTLING THE ARTICLE

XXIV:6 PROBLEM. THERE WERE APPARENTLY NO SIGNIFICANT CHANGES IN MEMBER STATES POSITIONS ON INDIVIDUAL ITEMS OR IN THEIR ATTITUDES TO THE PACKAGE AS A WHOLE. MUCH OF THE MEETING WAS TAKEN UP WITH DISCUSSING THE FRENCH INSISTENCE ON INTERNAL UNDERSTANDINGS AMONG THE NINE RELATED TO CEREALS. THE FRENCH DID MAKE MORE EXPLICIT THEIR " DIFFICULTIES" ON INDIVIDUAL ITEMS IN THE OFFER. THE PERMREPS ARE TO MEET AGAIN ON THIS SUBJECT ON TUESDAY, MAY 28. SOAMES TOLD AMBASSADOR GREENWALD THE COMMISSION IS STICKING WITH THE PACKAGE AND PRESSING THE ITALIANS AND BELGIANS TO ACCEPT IT AS IT IS. END SUMMARY.

2. ACCORDING TO EC COMMISSION AND PERMREP SOURCES, THE PERMREPS' MEETING, WHICH ENDED ABOUT 9 P.M., RESULTED IN NO SIGNIFICANT FORWARD MOVEMENT ON THE ARTICLE XXIV:6 PACKAGE. DESPITE REPEATED ATTEMPTS AT COMPROMISE LANGUAGE, IT PROGED IMPOSSIBLE TO TAKE CARE OF THE FRENCH INSISTENCE ON THEIR TWO " PRECONDITIONS"--REFERENCE TO THE AGRICULTURAL SECTION OF THE COMMUNITY'S "OVERALL VIEW" ON MTN AND AN UNDERSTANDING ON AUTOMATIC RETALIATION IF THIRD COUNTRIES IN THE FUTURE EXERCISE THEIR RESERVED GRAIN RIGHTS BY WITHDRAWING CONCESSIONS (SEE REFTEL).

3. PARTLY BECAUSE OF THE TIME CONSUMED BY THE FOREGOING DRAFTING EXERCISE, THE PERMREPS DID NOT HAVE A SYSTEMATIC RUN-THROUGH ON ALL THE ITEMS IN THE PACKAGE. OUR INFORMATION IS, HOWEVER, THAT ITALY AND BELGIUM MAINTAINED THEIR OBJECTIONS ON SPECIFIC ITEMS UNCHANGED FROM THE PREVIOUS MEETING. WE UNDERSTAND THESE TWO DELEGATIONS TOOK THE POSITION THAT IT WAS FRUITLESS TO CONTINUE DISCUSSION BASED ON THE PACKAGE AS IT NOW EXISTS. THEY URGED THAT THE COMMISSION TRY ITS HAND AT A NEW PROPOSAL TO PUT TO THE US.

4. ACCORDING TO A PERMREP SOURCE, THE EC COMMISSION SPOKESMAN, HIJZEN, FLATLY REFUSED, ON GROUNDS THAT (A) THE PERMREPS HAD PROVIDED HIM WITH NO NEW AMMUNITION OR SUBSTANTIVE AGRUMENTS TO USE IN REOPENING THE MATTER WITH THE US; (B) THE US IS PREPARED TO SETTLE ON THE BASIS OF THE EXISTING PACKAGE, AND (C) THERE IS NO LIMITED OFFICIAL USE

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ASSURANCE WHATSOEVER THAT TH US WOULD SETTLE ON ANY OTHER BASIS. HIJZEN SAID HE WOULD REPORT THE VIEWS EXPRESSED TO HIS SUPERIORS BUT HELD OUT NO HOPE THE COMMISSION WOULD CHANGE ITS VIEW.

5. THE FRENCH DELEGATION, WHICH ON VARIOUS PREVIOUS OCCASIONS HAD REFERRED TO "UNSPECIFIED DIFFICULTIES" WITH THE LIST, MADE CLEAR ITS SPECIFIC CONCERNS ALONG

THE FOLLOWING LINES: ON KRAFT, FRANCE BELIEVES THE CONCESSION OFFERED IN THE ARTICLE XXIV:6 NEGOTIATION SHOULD MAINTAIN SOME PREFERENCE MARGIN FOR THE SCANDINAVIAN COUNTRIES HAVING SPECIAL AGREEMENTS WITH THE COMMUNITY. FRANCE HAS PROBLEMS WITH MARINE ENGINES AND DIESEL MOTORS, ALTHOUGH WE ARE UNCERTAIN WHETHER THEY SPECIFIED THE NATURE OF THEIR PROBLEMS. ON SPARE PARTS FOR EXCAVATING EQUIPMENT, FRANCE WOULD LIKE TO LIMIT THE CONCESSION TO PARTS FOR SCRAPERS ONLY. ON CITRUS, FRANCE WANTS TO EXTEND THE EC REFERENCE PRICE REQUIREMENT ON ORANGES TO COVER THE MONTH OF MAY TO HELP PROTECT MOROCCO FROM LOW-COST COMPETITION FROM CERTAIN OTHER MEDITERRANEAN SUPPLIERS. (COMMENT: HIJZEN AND WELLENSTIEN HAVE TOLD US THEY BELIEVE EXTENSION OF THE REFERENCE PRICE WOULD POST NO PROBLEM FOR THE US BECAUSE OF THE HIGH QUALITY AND PRICE LEVELS OF AMERICAN ORANGES. END COMMENT)

6. THERE WAS SOME DISCOURAGEMENT IN THE COMMITTEE ABOUT THE SITUATION AND SEVERAL PERMREPS EXPRESSED THE VIEW THAT THE MATTER MIGHT HAVE TO BE REFERRED BACK TO MINISTERIAL LEVEL AT THE JUNE 4 EC COUNCIL SESSION. HIJZEN TOLD US THIS POSSIBILITY CANNOT BE RULED OUT. HE EMPHASIZED, NEVERTHELESS, THAT IT IS PREMATURE TO ASSUME THAT THE MATTER WILL GO TO THE COUNCIL SINCE THE PERMREPS HAVE NOT THROWN IN THE SPONGE AND ARE CONTINUING TO WORK ON THE PACKAGE.

7. SOAMES CALLED AMBASSADOR GREENWALD ON THE MORNING OF MAY 23 TO MAKE CLEAR HIS DISAPPOINTMENT AT THE WAY THE PERMREP MEETING HAD GONE. HE SAID THAT WHEN SOME PERMREPS HAD URGED HIJZEN TO GO BACK TO THE UNITED STATES ON THE PACKAGE, SOAMES HAD INSTRUCTED HIJZEN TO MAKE IT LIMITED OFFICIAL USE

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CLEAR TO THE PERMREPS THAT THE COMMISSION IS STICKING WITH THE PACKAGE AND IS NOT PREPARED TO REOPEN IT WITH THE US. SOAMES IS CALLING IN THE ITALIAN AND BELGIAN PERMREPS ON MAY 27 TO TRY TO MOVE THOSE COUNTRIES TOWARD ACCEPTANCE OF THE PACKAGE. GREENWALD

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